

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7033

BILL NUMBER: HB 1396

NOTE PREPARED: Jan 13, 2014

BILL AMENDED:

SUBJECT: Local taxes.

FIRST AUTHOR: Rep. Morris

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: Provides that if the book value of a taxpayer's business personal property that would otherwise be subject to assessment and taxation is less than \$50,000 for a particular assessment date: (1) the taxpayer is not required to file a personal property return for that assessment date; and (2) the taxpayer's business personal property is exempt from taxation and is not subject to assessment. Provides that the business personal property of a new business is exempt from property taxation for the first three assessment dates that occur after the date on which the new business begins doing business in Indiana. Provides a property tax exemption for the business personal property of a taxpayer that as of a particular assessment date has been doing business in Indiana for more than three years. Specifies that the amount of this exemption is equal to the difference between: (1) the assessed value of the taxpayer's business personal property located in a county on the assessment date; and (2) the average assessed value of the taxpayer's business personal property in the county for the three preceding assessment dates. Authorizes the imposition of an additional county economic development income tax rate, not to exceed the lesser of: (1) 0.25%; or (2) the rate necessary to provide the decrease in property taxes on homesteads or residential property, as appropriate, that would otherwise occur if the business personal property tax exemptions were not granted for new businesses and were not granted for the growth in business personal property above the average amount for the three preceding assessment dates. Provides that for assessment dates after December 31, 2014, the department of local government finance shall require each taxpayer filing a personal property return to include on the return, for informational purposes, an estimate of the amount of the taxpayer's personal property that the taxpayer directly uses in manufacturing. Authorizes a county or municipality to establish a property tax abatement schedule under which 100% of the assessed value of new equipment is permanently deducted for each assessment date that the equipment is located in a revitalization area. Requires a review of the deduction every 10 years, and authorizes the designating body to terminate the deduction after the review.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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